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SECURITY INFORMATION

21 February 1952

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SECTION 1 (SOVIET)

1. USSR. No Soviet approach to Norway concerning Nordic bloc: There has been no Soviet approach to Norway regarding a neutral Nordic bloc, according to the chief of the political section in the Norwegian Foreign Office; in his view, such an approach is unlikely. He also stated that the Finnish Government has made no approach either in Oslo or Helsinki following Kekkonen's neutrality speech. (R 730 Oslo, 19 Feb 52)

Comment: Rumors of Soviet interest in a neutral Nordic bloc have been previously reported, but both Swedish and Norwegian officials have denied any Soviet approach on the subject.

2. ALBANIA. Government rejects Italian request for peace treaty revision: The Albanian Deputy Minister of Foreign Affairs delivered a note to the Italian Charge in Tirana charging that the reasons put forth for the revision of the Italian peace treaty are contrary to the facts and the real situation of Italy. The note alleged that the plans to modify the peace treaty serve neither the vital interests of the Italian people nor European peace and security. The note further accused Italy of failing to carry out its treaty obligations because of its consistent support of anti-Albanian activities. The Albanian Government will accept revision of the treaty only if the new treaty contains all the clauses regarding Italy's obligations toward Albania which are included in the present treaty. (R FBIS [REDACTED] 18 Feb 52)

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Comment: The Albanian Government, in conjunction with its rejection of the Italian note, seized the opportunity to comment on Italy's unworthiness to become a member of the United Nations because of membership in NATO. In spite of Albanian restrictions on the Italian Legation in Tirana, the Italian Government reportedly will continue to maintain it for what it is worth as one of the two Western missions in Albania.

3. HUNGARY. Resumption of mass deportations from Budapest scheduled for March: The United States Minister in Hungary reports increasing evidence that mass deportations from Budapest will be resumed early in March. A census similar to that which preceded the May-July 1951 evacuations is in progress, the trucking company used last summer for the deportations has been alerted, and an officer of the Security Police has stated that large scale deportations would start on 10 March.

Minister Ravndal has suggested as measures to discourage these deportations that: (1) the Western European countries be urged to join us in threatening Hungary with further trade restrictions; (2) a boycott be

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imposed on selected items presumed to have been produced by slave labor; and (3) other Hungarian sources of dollars be cut off. (S Budapest 622, 15 Feb 52)

Comment: Last summer several thousand middle and upper class residents were deported from Budapest to the provinces. Since then there have been isolated cases of individual evacuations. The impending deportations, like those last summer, will probably be undertaken to eliminate "class enemies" and to provide living quarters for the thousands of peasants who have been brought to Budapest to fulfill the manpower requirements of the industrialization program.

4. POLAND. Government decrees compulsory delivery of livestock: The Polish Sejm passed a law on 15 February requiring the compulsory delivery to the State of livestock for slaughtering. The law requires that a certain ratio of livestock per hectare of farm land must be raised by each independent peasant and delivered to the State. However, all livestock raised above this norm, if sold for slaughter to the State, will entitle the independent farmer to various economic premiums. (R FBIS, 18 Feb 52)

Comment: Passage of this law indicates that the government decrees of August and November 1951 outlining an extensive voluntary plan of livestock breeding for slaughter were not accepted by the individual peasants, despite the attractive premiums offered to those peasants who cooperated. This present law also suggests, since it does not revert to complete force in order to obtain the required livestock, that the government is unwilling to press the independent peasant too hard at the present time.

5. YUGOSLAVIA. Life magazine to publish Tito's autobiography: Embassy officials have been informed [REDACTED] that Life has contracted to publish the autobiography of Tito. It will apparently be written in collaboration with Vladimir Dedijer, who reportedly plans to leave for the United States to conclude arrangements. [REDACTED] contends that the articles will be historically interesting and will include bitter denunciation of the Russians in connection with the 1948 Cominform charges. Certain party notables, namely Boris Kidric, Moshe Pijade, and Milovan Djilas, reportedly object to the publication of Tito's articles in a "capitalist" magazine. (C Belgrade 1008, 15 Feb 52)

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SECTION 2 (EASTERN)

1. GREECE. Situation not expected to improve: The American Embassy in Athens believes that the present Greek Government is unlikely to provide the firm leadership required to overcome economic and political difficulties. Moreover, the King and Deputy Prime Minister Venizelos will not move to overthrow the government except under strong American pressure. Strong American support of any party or faction would only arouse animosity against the United States and make it difficult for Greece to obtain the desired stability. (S Athens 3796, 18 Feb 52)

Comment: The present coalition government has done little to facilitate the economic rehabilitation of Greece, and its policy of releasing political prisoners has troubled the American Embassy.

In view of Venizelos' fear that new elections under the majority system would eliminate his Liberals as a political force, there is a possibility that the government will decree new elections, under the proportional system. This would continue the present political tradition of factions working at cross-purposes.

2. EGYPT. Prime Minister may recommend temporary suspension of Parliament: Prime Minister Ali Maher has stated that if the Wafd Party continues to oppose the government-proposed "assistance" of five million Egyptian pounds (approximately fourteen million dollars) to victims of the January riots, he will ask King Farouk to suspend Parliament for one month.

The American Ambassador in Cairo believes that the Wafd Party is attempting to avoid any implication of responsibility for the January riots and to prevent the discharge of Wafd members now in the government. (C Cairo 1377, 19 Feb 52)

Comment: The distinction between suspension and dissolution of Parliament indicates that Ali Maher is being cautious in approaching a show-down with the Wafd. The Constitution provides that both houses may be adjourned by the King for one month and may not be continued in adjournment without agreement of both chambers. The Chamber of Deputies may be dissolved, but elections must then be held within two months.

3. BURMA. Ne Win acceptance of new Defense Minister reported: The American Army Attache in Rangoon reports information from a source close to Commander in Chief Ne Win that the general will accept Socialist leader Ba Swe's appointment as the new Minister of Defense. (S USARMA Rangoon 31, 19 Feb 52)

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Comment: Ne Win's enigmatic position has been a major deterrent to Socialist ambitions to control military affairs. The elevation of extreme leftist Ba Swe to the position of Defense Minister, in place of the weak but pro-Western U Win, will further isolate Premier Thakin Nu and reduce his influence in government affairs. Moreover, Ba Swe has been reported ambitious to become Prime Minister. His entering the cabinet would to be a long step in that direction.

4. THAILAND. Communist guerrillas reported expanding into southern Thailand: An officer of the American Embassy in Bangkok who recently returned from a tour of southern Thailand reports that Chinese Communist guerrillas from Malaya are using Thai territory extensively for bases and rest camps and have successfully intimidated the wealthy mine and plantation owners. Their civilian support organization, the Min Yuen, has taken firm root and is capable of supporting present and expanded bandit operations indefinitely.

A local Thai police official expressed the conviction that although the Communists were avoiding violence in Thailand, they were already sapping Thai control and would some day "gradually push their area of control farther north." The American officer concluded that these fears are well founded. (S Bangkok 1736, 19 Feb 52)

Comment: Thailand has always had difficulty administering its southern provinces because of the predominantly Moslem population there. A number of other reports have indicated that Chinese Communists are increasingly active in the area.

5. INDOCHINA/CHINA. Nationalists reported active in border area: According to a Chinese Nationalist officer, who until recently had been hiding out in Indochina in the region east of Lao Kay, approximately 1500 ex-Nationalist guerrillas are active in the area. These troops operate in small groups, living off the land as bandits and profiting from the pilferage of opium. The source states that although the Viet Minh has attempted to win their support, these troops will fight anyone interfering with their activities and that in forays over the Yunnan border they have inflicted casualties upon local Communist garrisons. (C Saigon 1646, 18 Feb 52)

Comment: Scattered bands of former Nationalists are known to be operating all along the periphery of southern Yunnan, but none, with the exception of Li Mi's forces in northeast Burma, appear to retain any formal organization.

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6. CHINA. Parts of Yunnan Province declared a military zone: [REDACTED] is quoted as stating that western and southern Yunnan

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Province bordering on Burma and Indochina, was declared a "military zone" in early January. Foreign nationals, including Swiss and French missionaries, were evacuated. (S London 3406, 19 Feb 52)

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Comment: Several unconfirmed [redacted] reports state that large numbers of Chinese Communist troops in southern Yunnan have been moving for several weeks toward Burma rather than Indochina.

7. Chou En-lai states Chinese attitudes on Korean truce talks:
Chinese Communist Premier Chou En-lai, in a talk on 12 February with Indian Ambassador Panikkar in Peiping, stated that a Korean armistice could be achieved if Peiping were satisfied that the United States had no "aggressive intentions." Chou specified that early agreement on the withdrawal of foreign troops would be viewed as demonstrating United States intentions. He suggested that all nations involved in the Korean conflict should be included in a post-armistice conference on other Far Eastern questions. (S London 3605, 19 Feb 52)

Comment: The Indian Ambassador, who returned to Peiping two weeks ago, reportedly was instructed to urge the Chinese Communists to agree to a reasonable truce in Korea. Panikkar's report of his interview with Chou adds nothing to Peiping's public statements that the Korean negotiations depend upon United States "sincerity," that withdrawal of foreign troops from Korea is essential to a settlement, and that other Far Eastern questions must be discussed in post-armistice talks.

8. KOREA. President resorts to force to intimidate political opposition:
A crisis of serious implications has developed in the struggle for power between President Rhee and the Korean National Assembly, Ambassador Muccio reports. On 18 February the President's campaign of "crude intimidation" reached a climax when his cohorts attempted to storm the Assembly.

Provoked by the Assembly's rejection of an important bill, Rhee has been trying to secure the recall of opposition assemblymen through the use of scurrilous posters and the collection of signatures by armed Youth Corps squads. The National Assembly, "angered and shocked," has placed the blame for the campaign and the 18 February riot squarely on Rhee. (C Pusan 822, 20 Feb 52)

Comment: President Rhee must reach an agreement, either through force or compromise, with the National Assembly prior to its election of a Korean President in June.

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9. Rhee shaken by Muccio reprimand: In a recent meeting with Syngman Rhee on South Korea's anti-cease fire stand, Ambassador Muccio informed the aging President that the American Embassy is following closely "his more nefarious political maneuverings," and that some of his personal actions are unbecoming to the chief executive of a democratic country. When Muccio referred to Rhee's efforts to make the anti-cease fire demonstrations appear "spontaneous," he became "hot under the collar." (S Pusan 819, 19 Feb 52)

10. JAPAN. Agreement reached on United States right to act in event of emergency: The Japanese have agreed to a proposed provision in the administrative agreement of the US-Japan Security Treaty which states that the United States has the right, in the event of imminently threatened hostilities, to take such action as may be necessary to insure the security of its forces in the Japan area. They have demurred, however, on including a provision that the United States may, in agreement with the Government of Japan, establish a combined command and designate its commander. They have recommended instead that this question be treated as a matter for consultation "as the occasion arises." (S Tokyo 1736, 19 Feb 52)

Comment: Popular concern in Japan over the treaty is centered around the possibility that future military action by US forces based in Japan would automatically involve Japan in war, and further, that a combined command would require Japanese forces to fight outside of the country. This article, even in its revised form, is certain to cause bitter political debate because of the broad rights granted to the United States.

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SECTION 3 (WESTERN)

1. GENERAL. Allies disagree on arms production prohibited West Germany: The Allied Foreign Ministers are unable to agree on the types of arms which the EDC will allocate for German production. French diplomats still insist that the Federal Republic be prohibited from manufacturing propellants and heavy artillery weapons. The Allies have agreed, however, on certain other arms production prohibitions, such as of atomic and biological weapons. According to Chancellor Adenauer, the Federal Republic will not view such prohibitions as discriminatory. (S Bonn 1626, 19 Feb 52)

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This Allied concession largely clears the way for successful resolution of the contractual negotiations, provided the Federal Republic accepts the TCC's recommendations for its defense contribution.

2. GERMANY. Growing public opposition to defense role cited: Increasingly vocal public opposition to a West German defense contribution has become evident during the past two weeks, according to top US officials in Germany. Discussion of the defense issue has passed from the party level to the large portion of the population which had been apathetic. "Simple people," rather than the better informed groups, are reported more against than for the defense contribution. The most serious development is the rejection by several labor unions of recent pro-rearmament statements by key labor leaders. Although Communist activity among the rank and file has been influential, much of the workers' attitude appears to be an emotional reaction to the abrupt official announcements of the past several weeks on specific rearmament plans. Observers note a general ignorance of issues, as well as a strong belief that the whole matter will be settled in Bonn without popular influence. (C Bonn 1615, 19 Feb 52)

Comment: Reliable year-end opinion surveys in West Germany showed considerable adverse criticism of some defense issues, as well as a lack of familiarity and opinion. Now the average German is confronted with the actual specter of military service, in contrast to earlier, vague information on defense negotiations. Apart from the Social Democrats' stand against rearmament, there is no evidence of any new united popular opposition to a defense contribution.

3. Latest East German "peace" move analyzed: Two leading West German politicians believe the latest East German "peace" move is the beginning

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of a new chain of Soviet maneuvers to disrupt Western European defense through a two-track policy of appealing at the four-power level for a peace treaty and to the Germans internally for talks and elections. The next move, they feel, will be a Soviet reply to the East German note, paving the way for a later proposal for a four-power conference. Meanwhile, East German officials say that it is "not of decisive importance" whether a peace treaty precedes or follows all-German elections.

The West Germans suggest that Bonn's recent all-German election law be used as an effective counter-blow to the East German note. They do not exclude the slim possibility that the USSR might make some concessions in the coming months in the direction of German unity. In Paris, the chairman of the UN commission on German elections believes it highly probable that the Russians will reverse their earlier stand and permit the commission to visit East Germany. (C Bonn 1584, 15 Feb 52; R Berlin 1038, 15 Feb 52; C Paris 5044, 16 Feb 52)

Comment: If the USSR itself approaches the West for peace treaty talks, the fears of West German officials will grow that the Allies might make a deal at West German expense, and neutralist sympathies will be fed. Although there are as yet no firm indications that the USSR will make any strong "concessions" such as admitting the UN commission to East Germany, such a move cannot be excluded as a part of its maneuvering to delay West German integration and rearmament.

4. AUSTRIA. WFTU continues its exploitation of government's weakness: Appeals filed by WFTU personnel in Vienna against the Ministry of Interior's denial of residence permits to members of an organization declared illegal under Austrian law will further delay police action against the WFTU. The arrest and deportation of foreign WFTU officials is regarded as "problematic" in view of Soviet protection of the organization and the concentration of its activities in the Soviet sector of Vienna.

The WFTU's International Federation of Trade Unions of Metal Workers and Machinists (the "Iron International") convened a meeting of European metal workers last week in the Soviet zone. Not registered with the Austrian police, boycotted by the Austrian unions, and ignored by the non-Communist press, the conference allegedly attracted 200 representatives from 22 countries. Under a slogan of "unity of action for better working and living conditions, for freedom, national independence and peace," the meeting combined its exploitation of economic grievances with the usual Communist attacks against the West. The US Embassy in Vienna believes that the resolutions passed will be given wide circulation and will provide guidance for local Communists and their unions. (Factual data from: C Vienna 2710, 19 Feb 52; R FBIS [REDACTED] RAVAG, 13 and 14 Feb 52)

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5. SWITZERLAND. Communist leaders to account to Duclos for the rupture in party: Swiss Communist Party leaders Leon Nicole and Jean Vincent will leave for Paris on 22 February to explain to Duclos why they have permitted an open rupture in their party, according to the Swiss anti-Communist labor leader, Tronchet. Nicole, convinced that he is isolated, is willing to give details of the Duclos meeting to independent Socialists, such as Tronchet and Nicolet, to whom he is turning for assistance. (S Geneva 604, 18 Feb 52)

Comment: The aging Nicole is likely to be replaced as head of the party and may possibly be expelled. In or out of the party, he would have little influence as a figure in Swiss national politics, but would have some appeal as a rallying point for dissident Communists.

6. SPAIN. Press outburst against President Truman's statement of 7 February subsides: The US Embassy in Madrid reported on 13 February that the general press attitude is again friendly toward the US. The Madrid press continued to play up Congressman Zablocki's statement that the President was pleased to hear from him and former Ambassador Griffis of the improvement in the Spanish religious toleration situation. (R Madrid 869, 14 Feb 52)

Comment: While the forthcoming negotiations with Spain regarding military and economic cooperation may not be launched under quite such clear skies, the impression in some quarters that US willingness to negotiate meant unqualified approval of the existing regime has been corrected on at least one point.

7. UNITED KINGDOM. Top mine union requests suspension of importation of Italian labor: The National Union of Mine Workers (NUM) has announced that it will request the Coal Board to suspend its policy of recruiting Italians for work in the coal mines. According to the NUM President, the decision was based on the British miners' opposition to foreign labor, the expense involved in the project, and the disappointing results in terms of production. It had been hoped that the project would prove successful in relieving the industry's critical manpower shortage. (U London Joint Weeka 7, 15 Feb 52)

Comment: The NUM, which accepted the National Coal Board's recommendation to recruit Italian labor over a year ago, has had difficulty from the beginning in getting the rank and file to accept the project despite repeated assurances to British miners that their jobs would not be jeopardized. In fact only a few coal mining districts agreed to take Italian miners. It was expected that by the end of 1951 there would be 5,000 Italians working in the coal mines, whereas there are now only 1,100, with 800 others still in training or en route. Total coal manpower now stands at the highest figure since February 1950, but the permanency of this upward trend is doubtful.

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- 25X1X 8. 25X1X British Foreign Office preparing for Far East policy debate: [REDACTED] has told the US Embassy in [REDACTED]

25X1X London that the Foreign Office on 18 February [REDACTED] noted rising concern in Britain over recurring statements by prominent Americans, such as Senator Taft and John Foster Dulles, concerning the need for a more forthright policy toward China and "the use of Nationalist troops in raids on the mainland." The statement said that these suggestions were "thought not to be US policy," but that they may have an adverse effect on the Chinese Communists and India. The Embassy comments that the Foreign Office may want to "smoke out" official comment in Washington. (C London 3602, 19 Feb 52)

Comment: Recent British press comment shows agreement that the American statements referred to above will strengthen a renewed Labor attack on Churchill when the foreign policy debate is resumed on 26 February.

9. ARGENTINA. Peron announces austerity program: Peron's economic program for 1952 stresses increased production and export, austerity in consumption, and wage-price stabilization. His broad plan includes raising grain prices 30 to 50 percent; banning meat in restaurants two days a week, thus leaving more for export; and gradually suppressing subsidies on consumer goods. Wage scales are being raised 40 to 80 percent. Prices are to be adjusted, then frozen for two years. Public works are to be cut, and scarce and critical industrial goods will be rationed. (U FBIS, 19 Feb 52)

Comment: Peron's unrealistic economic policies, together with two years of drought, have produced an extremely critical economic situation. His plan recognizes some major corrective measures required, but the austerity demanded may tax his political support.

10. BOLIVIA. Army chief now supports the junta: Torres Otis, Commanding General of the Bolivian Army, considers that the Nationalist Revolutionary Movement is backed by the Communists and that he was duped by the Movement into requesting that elections be held soon. He is now supporting the junta and has no presidential ambitions.

The political situation is now relatively quiet, with the junta in complete control. (S [REDACTED]) 25X1A

Comment: Until now Torres has been a moderate supporter of the Movement, and in January he threatened to oust the junta (see OCI Daily Digest, 11 and 15 Jan 52). Since all the military units are subject to his command, his support will strengthen the junta's efforts to maintain order. The Movement has warned that it will continue its efforts to oust the junta and that it would not refuse assistance from the small Communist Party.

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11. NICARAGUA. President Somoza to come to US for medical treatment: Dr. Alton Oschner of the Oschner Clinic in New Orleans admitted to Ambassador Whelan that Somoza has promised to come to New Orleans in early April for a "small operation." (S Managua 487, 16 Jan 52)

Comment: Somoza has made two strategic moves to insure his continued domination of Nicaragua. He has elevated one of his sons to chief of staff of the Guardia Nacional, and had had his eldest son, Luis, named First Delegate to the presidency (immediate successor). Since there is no effective opposition in the country, his control of the presidency is not likely to be threatened.

12. PERU. "Counterproposal" will not hinder signing of agreement with US: President Odria on 19 February explained the army-navy-air "counterproposal" (see OCI Daily Digest, 20 Feb 52) as merely an "indication" that Peru would continue to want military equipment on a reimbursable basis as well as the equipment provided for under the military aid plan. Arrangements to sign the agreement on 22 February have now been made. (S Lima 408 and 409, 19 Feb 52)

Comment: The first of the eight hoped-for military assistance agreements with Latin American countries, that with Ecuador, was signed on 20 February.

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SECTION 2 (EASTERN)

JAPAN. Revision of Constitution not being considered: During interpellations before the budget committee of the Lower House on 19 February, Prime Minister Yoshida stated that the National Police Reserve is not an army, and that a constitutional revision concerning rearmament is not being considered. (S S/S Tokyo 1739, 20 Feb 52)

Comment: Recent statements of government officials appear to indicate that the government has now decided that it can expand and convert the NPR into a defense army without contravening Article 9 of the Constitution, which states that "land, sea, and air forces...will never be maintained." A recent newspaper poll showed that a great majority of the Japanese people questioned would oppose a constitutional revision at this time.

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